

AMENDED IN ASSEMBLY APRIL 22, 2014

AMENDED IN ASSEMBLY MARCH 11, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2017

Introduced by Assembly Member Muratsuchi

February 20, 2014

An act to add Section 2851.7 to, and to add Chapter 8.1 (commencing with Section 2846) to Part 2 of Division 1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2017, as amended, Muratsuchi. Energy: financing: rental properties.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the Public Utilities Commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

This bill would authorize the commission to require an electrical or gas corporation with 250,000 or more service connections to develop and implement an on-bill repayment program providing financial assistance for energy efficiency improvements for rental properties by allowing for the repayment of the financial assistance to be included in the utility customer's utility bill. Because a violation of any part of any order, decision, rule, direction, demand, or requirement of the Public Utilities Commission is a crime, this bill would impose a state-mandated local program.

(2) *Decisions of the Public Utilities Commission adopted the California Solar Initiative, which is administered by the state’s electrical corporations pursuant to the regulatory supervision of the commission. The commission is authorized, pursuant to the initiative, to award monetary incentives for solar thermal and solar water heating devices in a total amount up to \$100,800,000.*

The Solar Water Heating and Efficiency Act of 2007 requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to establish eligibility criteria for solar water heating systems receiving gas customer funded incentives under the act. The act requires the criteria to include eligibility requirements for residential solar water heating systems or solar collectors used in systems for multifamily residential, commercial, government, nonprofit, educational, or industrial water heating systems, as specified.

This bill would provide that residential solar water heating devices shall be eligible for any energy efficiency rebate program or financing program, or both, offered by a gas corporation for purposes of reducing natural gas demand for water heating.

(2)

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 8.1 (commencing with Section 2846) is
2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

3

4 CHAPTER 8.1. ENERGY IMPROVEMENTS FOR RENTAL PROPERTIES

5

6 2846. For the purposes of this chapter, the following the terms
7 have the following meanings:

8 (a) “OBR improvement” means an eligible energy efficiency
9 improvement financed through an OBR obligation.

1 (b) “OBR obligation” means an obligation to repay a financing
2 provided to a utility customer by an OBR partner pursuant to an
3 on-bill repayment program approved by the commission.

4 (c) “OBR partner” means a person or entity providing financing
5 for eligible energy efficiency improvements pursuant to an on-bill
6 repayment program. OBR partners include, but are not limited to,
7 banks, savings and loan institutions, credit unions, or project
8 developers. Financing may be provided in the form of a loan, lease,
9 power purchase agreement, energy service agreement, or other
10 financing structure approved by the commission.

11 (d) “On-bill repayment program” or “OBR program” means a
12 program, which may include one or more pilot test programs,
13 approved by the commission that enables financing of eligible
14 energy efficiency improvements for rental properties to be repaid
15 through OBR repayment charges to be associated with the same
16 utility account or accounts where savings are anticipated to be
17 realized as a result of the improvements.

18 (e) “OBR repayment charge” means a charge, constituting
19 repayment of all or a portion of any OBR obligation, that is
20 included on a utility bill in accordance with a commission-approved
21 utility tariff.

22 (f) “Utility” means an electrical corporation or gas corporation
23 that develops, or is required to develop, an on-bill repayment
24 program.

25 2846.1. (a) The commission may require an electrical
26 corporation or gas corporation with 250,000 or more service
27 connections in the state to develop and implement one or more
28 on-bill repayment programs for eligible energy efficiency
29 improvements.

30 (b) A utility shall not implement the on-bill repayment program
31 without the express approval of the commission.

32 (c) The commission shall supervise on-bill repayment programs
33 to ensure that the programs are administered in compliance with
34 the terms approved by the commission.

35 (d) *Implementation of any on-bill repayment program shall be*
36 *done incrementally, beginning with residents of low-income*
37 *housing. For purposes of this subdivision, “low-income housing”*
38 *means a residential building that meets all of the following*
39 *requirements:*

1 (1) *Is financed or supported with low-income housing tax*
2 *credits, tax-exempt mortgage revenue bonds, general obligation*
3 *bonds, or local, state, or federal loans, grants, rental assistance,*
4 *or operating subsidies.*

5 (2) *Rents charged to lower income households, as defined in*
6 *Section 50079.5 of the Health and Safety Code, do not exceed rents*
7 *prescribed by applicable law, deed restrictions, regulatory*
8 *agreements, or program contracts pursuant to the terms of the*
9 *financing or financial assistance.*

10 (3) *Not less than 25 percent of the dwelling units within the*
11 *building are designated for occupancy by lower income*
12 *households, as defined in Section 50079.5 of the Health and Safety*
13 *Code.*

14 (e) *Upon completion of the phase of the program for residents*
15 *of low-income housing, the commission shall perform a review to*
16 *evaluate how the requirements of this section have been met and*
17 *shall make any revisions that it determines are necessary before*
18 *authorizing the expansion of the program to residents of other*
19 *types of housing.*

20 2846.2. In approving an OBR program, the commission shall
21 ~~consider whether ensure that the program contains appropriate~~
22 ~~rules and criteria including~~ *includes all of the following: following*
23 *rules and criteria:*

24 (a) (1) Eligibility criteria for the types of energy efficiency
25 improvements that would be financed by the OBR program.

26 (2) The commission may include nonenergy reducing
27 improvements as ~~an eligible improvement~~ *improvements* for
28 financing if it deems appropriate.

29 (b) Rules prohibiting the unauthorized removal from the rental
30 property of an OBR improvement.

31 (c) Rules for project inspection and verification services to
32 ensure economic benefits for tenants of properties with an OBR
33 ~~improvement.~~ *improvement, including guidelines for collecting*
34 *data and monitoring tenant impacts over time.*

35 (d) Consumer protections for ~~customers subject to an OBR~~
36 ~~repayment charge, including protections that prevent increases in~~
37 ~~the number of service terminations, a loan loss reserve, bill~~
38 ~~neutrality, and~~ *customers, including preventing increases in the*
39 *number of service terminations, requiring a loan loss reserve and*
40 *bill neutrality, providing a fair dispute resolution process for*

1 tenants, and establishing other mechanisms deemed appropriate
2 by the commission.

3 (e) Criteria for determining benchmarks for program success,
4 including mechanisms for reducing ratepayer support while
5 maintaining an effective program.

6 (f) Mechanisms to ensure energy savings, including all of the
7 following requirements:

8 (1) Each OBR improvement is recommended based upon a
9 performance-based energy audit.

10 (2) An OBR obligation is limited to 90 percent of the energy
11 savings recommended by a performance-based energy audit.

12 (3) Correct installation of each OBR improvement is verified
13 by a qualified entity.

14 (4) Energy savings performance of OBR improvements is subject
15 to monitoring and annual reporting to assist in the implementation
16 of the consumer protections required by this chapter and in the
17 evaluation of OBR program energy efficiency performance.

18 2846.3. OBR repayment charges shall be subject to the
19 provisions of subdivision (a) of Section 779.2.

20 SEC. 2. Section 2851.7 is added to the Public Utilities Code,
21 to read:

22 2851.7. Notwithstanding any other law, residential solar water
23 heating devices shall be eligible for any energy efficiency rebate
24 program or financing program, or both, offered by a gas
25 corporation for purposes of reducing natural gas demand for water
26 heating.

27 ~~SEC. 2.~~

28 SEC. 3. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the penalty
33 for a crime or infraction, within the meaning of Section 17556 of
34 the Government Code, or changes the definition of a crime within
35 the meaning of Section 6 of Article XIII B of the California
36 Constitution.